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# Partnerships for International Development



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**Doing Business in the:**



**Republic of India**



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# Geography of India



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# Profile

- **Population**: 1.17 billion (July 2010 est.)
- **Unemployment rate**: 10.8% (2010 est.)
- **GDP**: \$1.43 trillion (2010 est.)
  - Agriculture: 18%
  - Industry: 29%
  - Services: 54% (2010 est.)
- **Exports**: US \$201 billion (2010 est.), growth rate: 19.5%  
Commodities: petroleum products, precious stones, machinery, iron and steel, chemicals, vehicles, apparel
- **Imports**: US \$327 billion (2010 est.), growth rate: 19.2%  
Commodities: crude oil, precious stones, machinery, fertilizer, iron and steel, chemicals





## Profile Cont.

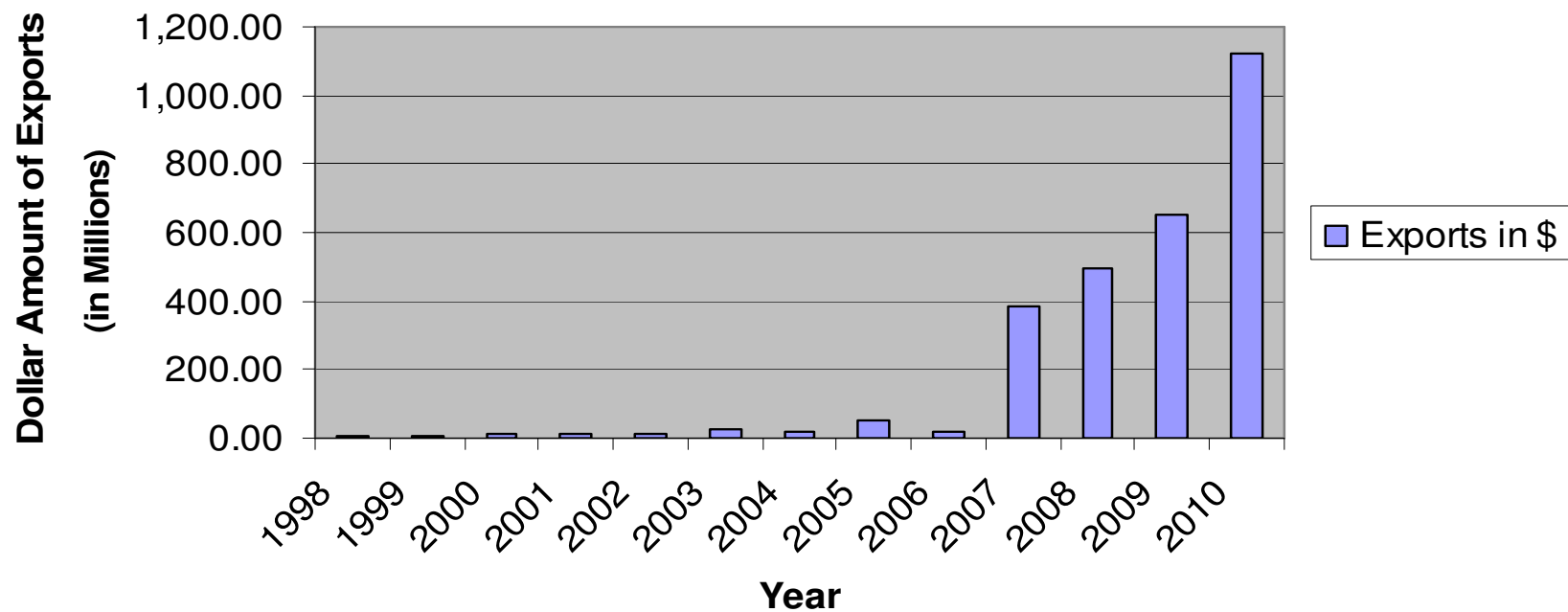
- **Major international airports:** New Delhi, Mumbai, Chennai, Kolkata, Bangalore, Hyderabad, Thiruvananthapuram
- **Major ports of entry:** Chennai, Ennore, Haldia, Jawaharlal Nehru, Kolkata, Kandla, Kochi, Mormugao, Mumbai, New Mangalore, Paradip and Tuticorin, Vizag
- **Government:** India is a Union of States with parliamentary system of Government
- **Land area:** 3.29 million square Km



# Utah Exports to India have Increased Dramatically

## India is Utah's #3 trading partner (2010)

Value of Utah Exports to India



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# Utah Exports to India

| Rank | Description   | ANNUAL 2008    | ANNUAL 2009    | ANNUAL 2010      | %2009- 2010   |
|------|---|----------------|----------------|------------------|---------------|
|      | <b>TOTAL ALL COMMODITIES</b>                        | 496,821,700.00 | 649,531,461.00 | 1,124,798,481.00 | <b>73.17%</b> |
| 1    | Nat Etc Pearls, Prec Etc Stones, Pr Met Etc; Coin   | 469,197,182.00 | 631,077,108.00 | 1,084,757,177.00 | 71.89         |
| 2    | Industrial Machinery, Including Computers           | 11,309,323.00  | 6,666,801.00   | 15,239,191.00    | 128.58        |
| 3    | Optic, Photo Etc, Medic Or Surgical Instruments Etc | 1,970,915.00   | 2,653,200.00   | 5,366,369.00     | 102.26        |
| 4    | Electric Machinery Etc; Sound Equip; Tv Equip; Pts  | 1,535,677.00   | 1,420,637.00   | 3,372,584.00     | 137.4         |
| 5    | Wool & Animal Hair, Including Yarn & Woven Fabric   | 956,973.00     | 971,606.00     | 1,862,062.00     | 91.65         |
| 6    | Edible Fruit & Nuts; Citrus Fruit Or Melon Peel     | 1,764,057.00   | 530,910.00     | 1,773,969.00     | 234.14        |
| 7    | Miscellaneous Chemical Products                     | 352,069.00     | 469,567.00     | 1,715,615.00     | 265.36        |
| 8    | Products Of Animal Origin, Nesoi                    | 48,209.00      | 241,932.00     | 1,491,477.00     | 516.49        |
| 9    | Plastics And Articles Thereof                       | 596,676.00     | 548,300.00     | 1,222,694.00     | 123           |
| 10   | Miscellaneous Edible Preparations                   | 526,474.00     | 778,923.00     | 1,119,330.00     | 43.7          |



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# Market

## **Entry Strategy:**

- Address issues of sales channels, distribution and marketing practices, pricing and labeling, and protection of intellectual property.
- Relationships and personal meetings with potential agents are EXTREMELY important.
- Due diligence is strongly recommended to ensure that partners are credible and reliable.
- Approach India's markets on a local level. Good localized information is a key to success in such a large and diverse country.
- Consider a regional plan, focusing on multiple locations and markets within India and finding the appropriate partners and agents within each region.



# Selling US Products/Services

- **Distributor**: useful/necessary in establishing a regional approach.
- **Office establishment**: the most important parameters in choosing a location in India are:
  - (1) physical infrastructure
  - (2) state government support and flexibility
  - (3) cost and availability of power
  - (4) the law & order situation.

**Note:** an employer with more than 100 workers cannot fire them without permission from a government labor commissioner -- something usually impossible to obtain.





# Franchising

## Franchising:

- India remains a “sizzling” market place for American franchisors.
- Demand for U.S. brands remains strong in:
  - telecom
  - retail
  - education garments and apparel
  - specialized food services
  - entertainment
  - courier services
  - stationary and gift shops
  - healthcare
  - fitness and personal grooming clinics



# Selling US Products/Services

## Marketing:

Direct selling is one of the fastest growing industries in India.

Direct selling companies have established lifestyle centers and kiosks at major retail stores. A lifestyle store is a large store that carries the entire product range of the marketer but is not meant for retailing. Instead, it is a place for consumers to come and experience the brands and for distributors to conduct their business and impart training.



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# Joint-Venturing and Licensing

- A common arrangement because India encourages foreign collaborations to facilitate capital investments, import of capital goods, and transfer of technology. That said, India is a market that requires a careful approach because **mistakes can be quite costly**.
- Only five industries are subject to compulsory licensing in India. The need for licensing is attributed to safety, environmental, and defense related considerations. The licensing authority is the Ministry of Industrial Development



# Selling US Products/Services

## Selling to the government:

Indian government procurement practices and procedures often lack transparency and standardization, which can frustrate foreign suppliers. Again, representation is invaluable, but expect a lengthy endeavor.

The Government of India regularly advertises its requirements for the purchase of supplies and new equipment.



सत्यमेव जयते

Government of India



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# Challenges

- Poor Infrastructure
- High Duties
- Corruption
- Confusing customs tariff and excise tax system



# Corruption in India



## **Causes:**

- Corruption lies in the lack of transparency in the rules of governance
- Cumbersome official procedures
- Excessive and unregulated discretionary power in the hands of politicians and bureaucrats.





# Market Opportunities

- India is expected to play a large role in the Obama Administration's National Export Initiative (NEI).
- Total Exports to India as of Nov 2010 reached **\$1.12 billion** surpassing 2009's annual total of \$650 million.
- Best Prospects:
  - Airport and Ground Support Equipment
  - Education Services
  - Electrical Power Generation
  - Food Processing
  - Industrial Textiles
  - Machine Tools
  - Mining & Mineral Processing Equipment
  - Oil & Gas Field Machinery
  - Pollution Control Equipment
  - Homeland Security Equipment
  - Franchising
  - Telecommunications Equipment
  - Water



# Education



- Indian students & parents believe that higher education in the U.S. prepares graduates for tomorrow's careers.
- 103,260 Indian students studying in the U.S., a 9.2% increase over last year
- 69% are here for graduate programs, 15% are for undergraduate programs, 14% for practical training





# Maharashtra Collaborations



Shivaji University



Pune University



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# Energy Market Overview



- Private sector demand is growing for increased energy efficiency and renewable energy, vehicular and industrial air pollution control, bio-medical waste disposal, and water-recycling technologies. India has a large potential in renewable energy (RE) segment.
- Renewable and Energy Efficiency Sectors capture over 50% of the energy market share.

(source: Country Commercial Guide 2010, India pg 46-47)

## Estimated Energy Market Size for 2010

| Sub Sector                             | Estimated Market Size | Growth |
|--|-----------------------|--------|
| Energy Efficiency and Renewable Energy | 51%                   | 12%    |
| Water and Wastewater Management        | 26%                   | 6%     |
| Air pollution control                  | 20%                   | 8%     |



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# Electric Power Generation



- The Government of India has set an ambitious goal, which is to provide power for all by 2012
- This mission would require that the installed generation capacity should be at least 200,000 MW by 2012 from the present level of 157,000 MW.
- American power equipment suppliers will find significant sales opportunities in power distribution transformers, high voltage power cables, relays, conductors, capacitors and circuit breakers.

(Country Commercial Guide of India, 2010)



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# I.T. Market Overview

- Information technology and electronics are still the fastest growing segment, both in terms of production and exports.
- Foreign Direct Investment (FDI) is 100 percent permitted with automatic approval in software and electronics, except in the aerospace and defense sectors
- Number of internet users in India reached 81 million in 2009 from 50 million in 2008
- Industry experts believe that online business-to-business (B2B) commerce will increase substantially in India because it meets a genuine need and portals offering such services are built on strong revenue models





## I.T. Continued

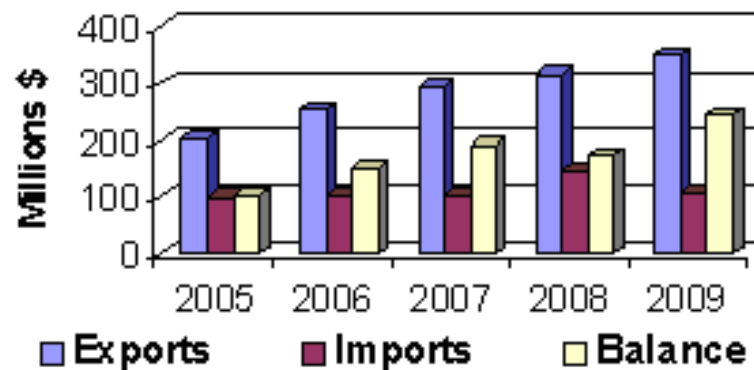


- NASSCOM has projected a 16-18 percent growth for the industry in FY 12 at \$ 68-70 billion in revenues. The domestic market is estimated to grow 15-17 per cent with revenues of Rs 90,000-92,000 crore (about \$ 19-20-billion).
- Telecom Minister Kapil Sibal said India's IT industry will grow to \$ 225 billion by 2020 from the current \$ 67 billion”



# Medical Device Market

**Figure 2. U.S.-India Medical Goods Trade**



Source: Official statistics of the U.S. Dept. of Commerce.

- India's health insurance market has grown significantly and is expected to triple in size to \$3 billion by 2013.
- The growth of U.S. medical goods exports to India is expected to continue as a result of India's burgeoning middleclass, growing medical tourism industry, swelling private-sector healthcare investment, aging population, and heightened government commitment to provide health services to the rural population.



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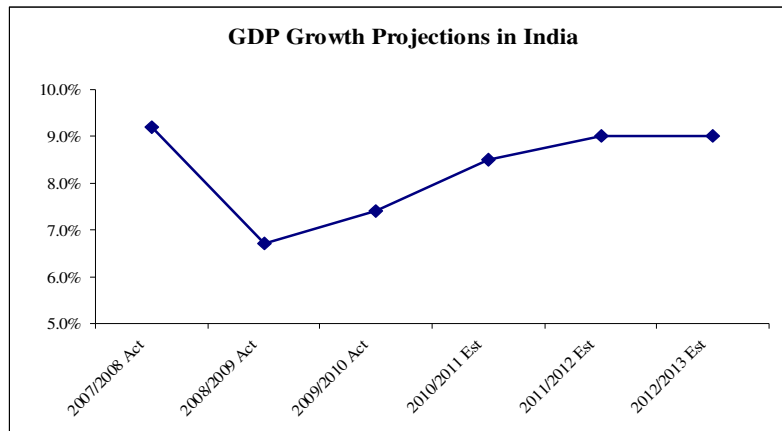
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# Investment outlook



- Indian economy is expected to continue **growing at the rate of 5% or more** till 2050. Indian economy is slated to become the **fourth largest economy by 2050**. (Study by Goldman Sachs)
- India is the second most attractive location for foreign direct investment. (UNCTAD's World Investment Report, 2008)





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## Guest Speakers

Karen Gunn and Ashok Joshi

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Dr. Ashok Joshi  
President  
Ceramatec

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Karen Gunn  
Dean – Continuing Education  
Salt Lake Community College

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## Discussion/Questions

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